



# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

**GAIL FARBER, Director**

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

May 31, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

45 May 31, 2011

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Supervisors:

**FIND CONTRACTOR IN DEFAULT  
LA CIENEGA BOULEVARD/SLAUSON AVENUE INTERCHANGE IMPROVEMENTS  
IN THE UNINCORPORATED COMMUNITY OF LADERA HEIGHTS  
(SUPERVISORIAL DISTRICT 2)  
(3 VOTES)**

### **SUBJECT**

This action is to find the contractor, Scrimsher Construction Development, Inc., in default of the contract and authorize the Director of Public Works or her designee to terminate Scrimsher Construction Development, Inc.'s, right to perform under the contract, serve written notice on the project surety, RLI Insurance Company, to complete the work of the contract, and to enter into an agreement with RLI Insurance Company for the completion of the work of this contract.

### **IT IS RECOMMENDED THAT YOUR BOARD:**

Find the contractor, Scrimsher Construction Development, Inc., in default of the contract and authorize the Director of Public Works or her designee to terminate Scrimsher Construction Development, Inc.'s, right to perform under the contract, serve written notice on the project surety, RLI Insurance Company, to complete the work of the contract, and to enter into an agreement with RLI Insurance Company for the completion of the work of this contract.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On March 2, 2010, your Board advertised and gave authority to the Director of Public Works (Director) or her designee to award and execute a contract with the apparent responsible contractor with the lowest responsive bid and approve the Faithful Performance and Labor and Materials Bonds and insurance submitted by the contractor. On June 29, 2010, the Department of Public Works

(Public Works) awarded a contract to Scrimsher Construction Development, Inc., (Scrimsher), for the La Cienega Boulevard/Slauson Avenue Interchange Improvements. The term of the contract was 180 working days. RLI Insurance Company furnished the contractually required payment and performance bonds for 100 percent of the contract amount.

As required, Scrimsher started this project on October 15, 2010. On March 16, 2011, after having completed about 40 percent of the contract work, Scrimsher demobilized from the project site and on March 22, 2011, Scrimsher sent Public Works a notice that it was declaring bankruptcy and advised Public Works to contact the surety for the completion of the work.

On April 19, 2011, Public Works sent Scrimsher a notice to cure its failure to work on the project, identified the specific items of work that needed to be performed, and gave Scrimsher 10 working days to cure its breaches. This notice stated that Scrimsher would be found in default of the contract if it did not cure its breaches by returning to work. Further, this notice offered Scrimsher an opportunity to express any objections to Public Works' proposed recommendation of termination for cause. Scrimsher did not respond to the Notice.

Consequently, Public Works recommends that your Board find Scrimsher in default of the contract and authorize the Director to terminate Scrimsher's right to perform under the contract. Public Works will then serve written notice on the project surety, RLI Insurance Company, and enter into an agreement with RLI Insurance Company for the completion of the work of this contract.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1). The recommended action will provide for completion of the work at no additional cost to Public Works except for minimal administrative expenses.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

There will be minimal fiscal impact as the surety will assume responsibility for completing the work of the contract for the original contract price.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The contract provides for termination of Scrimsher's right to perform if the contractor fails to prosecute the work; to provide workers, materials, or equipment to complete the work; or fails to promptly pay its subcontractors, employees, and material suppliers.

On March 16, 2011, daily work records show that Scrimsher had one person at the project site, and this was the last day work was performed. On March 16, 2011, Scrimsher began removing equipment required to perform the work from the project site. On March 22, 2011, Scrimsher sent Public Works a notice stating that it was filing for bankruptcy and stated that Public Works should contact the surety to complete the project.

### **ENVIRONMENTAL DOCUMENTATION**

On July 8, 2008, Agenda Item 33, your Board found this project categorically exempt from the provisions of the California Environmental Quality Act.

**CONTRACTING PROCESS**

In accordance with the project's performance bond requirements, the surety is obligated to step in and complete the work.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is not anticipated the recommended action will have a significant impact on residents or motorists. When the project is completed, it will have a positive impact by providing improved highway facilities for the traveling public thereby benefiting the community.

**CONCLUSION**

Please return one adopted copy of this letter to the Department of Public Works, Construction Division.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER  
Director

GF:JTS:lg

c: Chief Executive Office (Rita Robinson)  
County Counsel  
Executive Office  
Office of Affirmative Action Compliance